Development of Indian textile industry

†1682. SHRI RAM JETHMALANI:
DR. MURLI MANOHAR JOSHI:

Will the Minister of TEXTILES be pleased to state:

(a) whether it is a fact that the potentialities for development of Indian textile industry have increased in the aftermath of abolition of quota system in USA;

(b) if so, whether any suggestions have been proposed to Government by textile industry for its development;

(c) if so, what are these suggestions and whether revision of labour laws has also been suggested; and

(d) what are Government's reactions thereto?

THE MINISTER OF TEXTILES (SHRI SHANKERSINH VAGHELA): (a) Yes, Sir.

(b) and (c) The Government has been receiving suggestions from the industry from time to time, for its development. The suggestions, *inter-alia,* include financial assistance at international cost for modernization/ technology upgradation, reduction in fiscal duty on inputs, reduction in Central Value Added Tax (CENVAT) across the board, removal of CENVAT anomalies among different segments, improved availability of quality cotton, infrastructure development, restructuring of high cost debts, de-reservation of textile items and also revision of labour laws etc.

(d) Certain measures already taken by the Government in this regard are as follows:—

* Technology Upgradation Fund Scheme (TUFS) has been launched w.e.f. 1.4.1999 to facilitate modernization/technology upgradation of textile and jute sectors. The Finance Minister, in his Budget Speech 2005-06, has announced an allocation of Rs. 435.00 crore for this Scheme for the financial year 2005-06. He has also announced introduction of a credit linked capital subsidy scheme @ 10 per cent under TUFS, in addition to the existing 5 per cent interest reimbursement, for speedy modernisation of the textile processing sector.

* In order to facilitate modernisation of the Powerloom Sector, Schemes such as High-tech Weaving Parks, Modernisation and

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Strengthening of Powerloom Service Centres, Group Workshed Scheme and Credit Linked Capital Subsidy Scheme @20 per cent have been introduced. Government has enhanced, w.e.f. 13.01.05, the capital ceiling for machinery from Rs. 60.00 lakh to Rs. 100.00 lakh under 20 per cent capital subsidy scheme for the decentralized powerloom sector.

* In 2004-05 Budget, the entire textile sector, except for man-made fibre and filament yarn was provided optional exemption from excise duty. In 2005-06 Budget, Central Value Added Tax (CENVAT) on Polyester Filament Yarn has been reduced from 24 per cent to 16 per cent.
* To facilitate import of state of the art machinery to make our products internationally competitive in the post quota regime, in 2005-06 Budget, the customs duty on textile machinery has been brought down from 20 per cent to 10 per cent except in case of 23 machinery.
* A centrally sponsored scheme "Apparel Parks for Export Scheme" has been launched for imparting focused thrust for setting up of apparel manufacturing units of international standards at potential growth centres and to give fillip to exports.
* For upgrading infrastructure facilities at important textile centres the "Textile Centre Infrastructure Development Scheme" has been launched.
* Technology Mission for Cotton has been launched for initiating focused steps for boosting production, productivity and quality of cotton for manufacture and export of competitive downstream textile products.
* Government has launched a Debt Restructuring Scheme w.e.f. September, 2003.

Assessment of the Post Quota System

†1683. SHRI PYARELAL KHANDELWAL:
SHRI R.S. GAVAI:

Will the Minister of TEXTILES be pleased to state:

(a) whether Government have made any assessment of the situation/ challenges arising out of the abolition of the quota system in the world textile trade;

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